



## HRNETGROUP LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 201625854G)

### Responses to Questions Pursuant to the Annual Report of 2025 Published on 6 April 2026

The Board of Directors (the “Board”) of HRnetGroup Limited (the “Company”, together with its subsidiaries, the “Group”) refers to the questions received from shareholders and investor groups in respect of the Group’s Annual Report for the year ended 31 December 2025 (the “Annual Report”) and wishes to respond to the queries as follows:

#### 1. Financial Performance

**Q1. Many global recruitment firms lost money last year. HRnetGroup’s profit grew 14.3%. What did you do differently?**

The Group’s Net Profit After Tax grew 14.3% on the back of a 3.0% increase in Revenue, 0.6% increase in Gross Profits, 1.3% increase in SG&A and 44.5% increase in Other Income.

The steady operating performance is a result of the Group:

- Being Asian-focused, away from the hardest-hit Western markets. Diversified in 18 Asian growth cities across 10 geographies.
- Having 89% of our revenue in Flexible Staffing. It provides a stable and recurring base while capturing growth opportunities in Professional Recruitment.
- Operating an entrepreneurial and lean organisation. 47 business leader co-owners that persistently scour the market for growth spots and carefully manage costs.

**Q2. HRnetGroup’s PE is 13.86x. Is superior growth possible to drive share price appreciation?**

The Group’s PE when excluding our S\$336m cash moat is approximately 7x. Share price appreciation is driven by various factors including growth. Over time, superior growth relative to peers could come about from a combination of factors such as:

- Pivoting towards senior executive search.
- Increasing international contractor volumes.
- Adding recurring technology revenue through Octomate contract wins.
- Earnings-accretive acquisitions using part of our cash moat.
- Economic recovery of markets we operate in.

**Q3. What is the trading performance for the first 16 weeks of 2026?**

**Q4. How does the 2026 sales pipeline compare to the same period last year?**

We do not provide formal earnings guidance. Q1 2026 trading is similar to Q1 last year. Trends are in line with expectations.

- Singapore: stable, cautious hiring conditions continuing.
- Taiwan, Malaysia, Indonesia: pipeline tracking ahead.
- Mainland China, Hong Kong SAR and Japan: uneven.

## 2. Dividends & Capital Allocation

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### Q5. Can you share your dividend policy?

Instead of a dividend policy, we have a dividend practice that has been evolving to be progressive. The payout features are:

- Twice a year: interim in September, final in May.
- At least 50% of Net Profits After Tax. This year: 78%.
- We plan 4.0 cents DPS as our base. When the business does well, we pay more.

### Q6. What factors does the Board consider when deciding to increase dividends?

The Board considers the following factors when deciding to increase dividends:

- Increased profits after tax and minority interests.
- Cash needs/reserves for working capital, organic expansion, acquisition and share buyback
- Free cash flow. The dividend is fully covered by cash generated.

### Q7. Are there plans for share buybacks, special dividends or acquisitions?

All three are live options:

- Buybacks: We buy when shares trade below fair value.
- Special dividends: We pay when there are special situations like a bumper harvest or significant investment realisations.
- Acquisitions: We act when the price and fit are right.

### Q8. Is the 5.6% dividend yield attractive enough to hold during market volatility?

The dividend yield is attractive in its consistency around 5–6% and absolute annual payout above 4 cts over the last 5 years. The strong cash generation and net cash position provides stability despite market volatility.

### Q9. Any updates on M&A strategy?

Our M&A strategy remains opportunity-driven. We look for businesses that add sector or geographical depth, recurring revenue, or new geographies. Targets must be profit-accretive and culturally aligned.

### 3. Geographic Markets & Competition

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#### **Q10. Can North Asia growth continue to offset the Singapore slowdown?**

With Singapore as a stable and profitable anchor, we expect North Asia and the Rest of Asia to continue contributing an increasing proportion of the business. North Asia already contributes 43% of Group gross profit.

#### **Q11. Which countries offer the biggest growth over the next 3–5 years?**

The geographies that have growth potential are:

- Taiwan — technology sector demand and contractor volumes up.
- Indonesia — fastest-growing large Southeast Asian economy with contractor volumes up.
- Malaysia — strong economic momentum.
- Vietnam — newly entered in 2025. Early stage but promising.
- China — patchy recovery, but certain sectors such as consumer and semiconductors are active.

#### **Q12. Many Singapore companies are delaying hiring. How has this impacted HRnetGroup?**

Singapore, our home market, is a mature and stable market. Revenue dipped 2.2% in 2025. Hiring remains cautious across the board.

- Flexible staffing — we are selective on margins over volume.
- Professional recruitment — we seek growth in senior executive search.

#### **Q13. Will the pivot to senior executive search successfully improve recruitment margins?**

Professional Recruitment carries a GP margin of 99.6% — far higher than Flexible Staffing at 12.2%. Growing Professional Recruitment helps maintain the blended Group GP margin around 21.0%.

Within Professional Recruitment, we are shifting mix toward Executive Search — the highest-value category. Executive Search GP grew 16.2% in 2025. Its share of Professional Recruitment GP rose from 29% to 34%.

#### **Q14. Can you share your market position and plans to gain market share?**

Our market position is that of the only pan-Asian listed recruitment group operating in 18 cities.

Our strategy to grow market share is captured in our vision: “HRnet for All HR”. We have been evolving from a headhunting firm into a platform covering the entire employment lifespan:

- Professional Recruitment: mid-to-senior executives across tech, financial services, healthcare, and government. Nine brands serving different specialisations.
- Flexible Staffing: six brands providing workforce agility — scaling teams up or down for project and contract needs.
- Other Recurring Services: Octomate (workforce management platform); Doudou (Employer of Record); LEAPS by HRnet (HR consulting); and EASE (mobile job portal).

**Q15. How do regulatory changes support your growth? Any new markets planned?**

Regulations mostly help us. Singapore’s employment rules push companies toward local contractor arrangements. That’s Flexible Staffing – one of our core segments.

Government grants/subsidies benefited us S\$9.2m in 2025.

New markets Vietnam entered in 2025. No further new market announcements at this time.

**4. Artificial Intelligence & Technology**

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**Q16. Would AI affect HRnetGroup? If yes, how?**

Internally, we embrace AI. Our tech team has grown to 20 today. AI fluency is part of our daily culture.

We help our clients navigate AI’s impact on their workforce. AI proficiency is now a baseline expectation across all industries. Our clients explicitly ask: “Show us how candidates use AI to improve productivity.”

At the same time, we focus on roles AI cannot replace — roles requiring human interaction, judgment, and care. Robotic automation also remains cost prohibitive for most manufacturers, making our staffing services the most cost-effective and flexible solution, especially under uncertain market conditions.

In executive search, AI cannot replicate what we do. 90% of top performers are not actively looking. We go find them. No algorithm does that convincingly.

**Q17. Given Singapore’s push on AI and the tech sector, will HRnetGroup change their focus from sunseting industry hiring to tech-related hiring?**

Most industries are evolving around AI to stay relevant. That evolution creates new hiring needs across the board — not just in tech.

We are already active in tech and AI-related hiring. And our diversification across Healthcare, Financial Services, Manufacturing, and Consumer sectors gives us breadth — each sector is transforming in its own way, generating new demand for talent that we are well-positioned to serve.

**Q18. When big companies cut jobs, does that push firms toward flexible contractors?**

When companies reduce permanent headcount or freeze hiring, they still need work to be completed. This typically leads to greater use of contract and flexible workers as a lower-commitment alternative. In 2025, this dynamic contributed to increased contractor headcount to 16,421 average monthly contractors.

**5. New Segments & Octomate**

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**Q19. Are there plans to enter new business segments beyond the current two?**

Yes. We are growing our recurring revenue business models like Octomate (workforce management platform), YP! (payroll outsourcing) and Doudou (Employer of Record).

**Q20. What is your goal to grow Octomate in the next 5 years?**

The goal is to expand the product offering to our clients using our regional network base, add modules per client over time, and grow the recurring subscription base.

**Q21. Some departments still use SAP. How would you convince them to switch to HRnet's systems?**

Octomate does not replace SAP — they serve different purposes entirely. SAP is an enterprise system built for finance, procurement, and supply chain. Octomate is a workforce management SaaS built for employee onboarding, rostering, timesheets, AI-powered claims, and instant payments. Clients do not need to choose one over the other. They can run side by side.

## **6. Accounting & Financial Disclosures**

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**Q22. Note 17 — Other Payables: (a) What is the difference between advanced deposits, advanced billings and deposits from customers? (b) Why did advanced billings increase +13% and deposits from customers increase +2%?**

These are three distinct items:

- Advanced deposits: monies received in 2025 from certain minority shareholders for investment in a subsidiary in 2026.
- Advanced billings: amounts invoiced but service not yet fully delivered. Revenue is deferred until delivery is complete.
- Deposits from customers: refundable security deposits or advance payroll funding to secure client payment obligations in our flexible staffing business.

Advanced billings rose mainly due to higher upfront billings and advance payments received from certain clients. Deposits from customers remained broadly stable — the 2% increase of S\$79k is not material.

**Q23. In 2020, HRnetGroup recognised S\$29m of other payables that did not affect the 2020 P&L. This was later reversed through P&L in 2022–2024. Please explain: (a) How was this recorded in 2020? (b) Why was it reversed through P&L later?**

In 2020, there were trade-related monies that were received and set aside as accruals to deal with uncertain commercial situations during the pandemic.

As conditions normalised post-pandemic, management assessed year by year that the amounts set aside were no longer required. The releases were taken into P&L as and when that determination was made.

These items have been fully reversed and are non-recurring, with no further financial impact from 2025 onwards.

By Order of the Board

Sim Yong Siang  
Founding Chairman  
16 April 2026